

THE ELECTION IS COMING!

Not THAT election—we know it's over. We're talking about the SERS Board of Trustees election.

Every five years you, the member, elect an active SERS member to a five-year term on the seven-member board.

To be eligible for candidacy, an active member must have a minimum of eight years of SERS service, and have nominating petitions signed by at least 400 active SERS members.

The SERS Board oversees the operation of SERS, as well as administering policies, procedures, and legislative programs.

The election will be held in May of 2001. If you are interested in running for the Board position, contact our offices in Springfield (217-785-7017) or Chicago (312-814-5853).

We encourage all active members to participate in this election, since we all have a personal interest in the finances and benefits of SERS.

Plus, you don't have to raise money or give campaign speeches—like those guys in the OTHER election.

ELECTION TIMETABLE

January 2: Statement of candidacy and nominating petitions may be obtained from SERS.

February 12–19: Statement of candidacy and nominating petitions must be returned to SERS.

February 26: Last day to file objections to the candidates.

February 28: Last day a lottery can be conducted for ballot order if two or more petitions are received on the same day.

March 1: Last day for candidates to withdraw in the office of the SERS Executive Secretary.

May 1: ELECTION. SERS will mail ballots along with a special SERS-O-GRAM to all contributing members eligible to vote.

May 30: Last day SERS may receive ballots.

June: Results of the election announced.

July 15: The new Board members begin a five-year term.

WHO IS THE SERS BOARD OF TRUSTEES?

1 Public member appointed by the Governor to serve as chairman

1 Annuitant appointed by the Governor

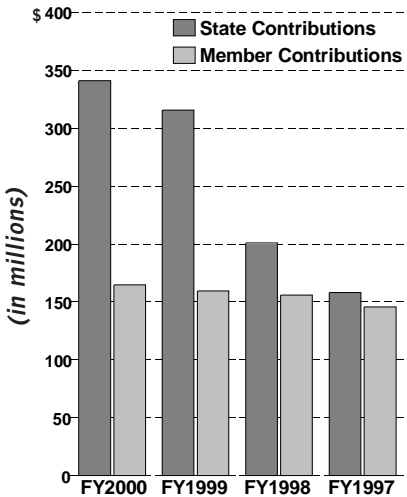
1 Elected active SERS member.

1 Active member appointed by the Governor

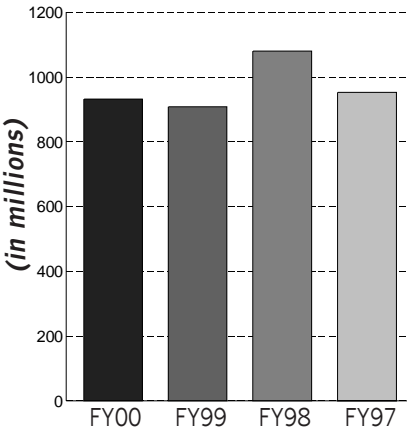
2 Ex-officio members: the Director of the Bureau of the Budget, and the Illinois Comptroller.

1 Elected SERS annuitant.

FISCAL YEAR 2000 IN REVIEW



Employer contributions amounted to \$340.9 million, an increase of \$25.4 million from FY99. Employee contributions were also up 3.3%, from \$159.6 million to \$164.8 million, primarily due to increased salaries.



The ISBI's rate of return was 11.8%, well above the long-term actuarial return assumption of 8.5%. Total investment revenue—earned and unearned income—amounted to \$931.3 million, an increase of \$23.1 million (or 2.5%) from FY99.

The Fiscal Year 2000 accounting books are balanced and closed, the financial statements are finished, and the auditors have completed their work. So let's take a look back at where we've been, and also focus on continued success in the future.

One year ago, much of the discussion involved potential Y2K computer problems. The New Year came and went without much fanfare and SERS continued to receive contributions and pay benefits in the new millennium.

During the course of this past fiscal year, SERS reported record levels of employee and employer contributions due to recent legislative changes.

The states' funding requirement guarantees that the employer retirement contribution will continue to increase for several years. Employee contributions will also rise as the result of recent contract negotiations increasing salaries.

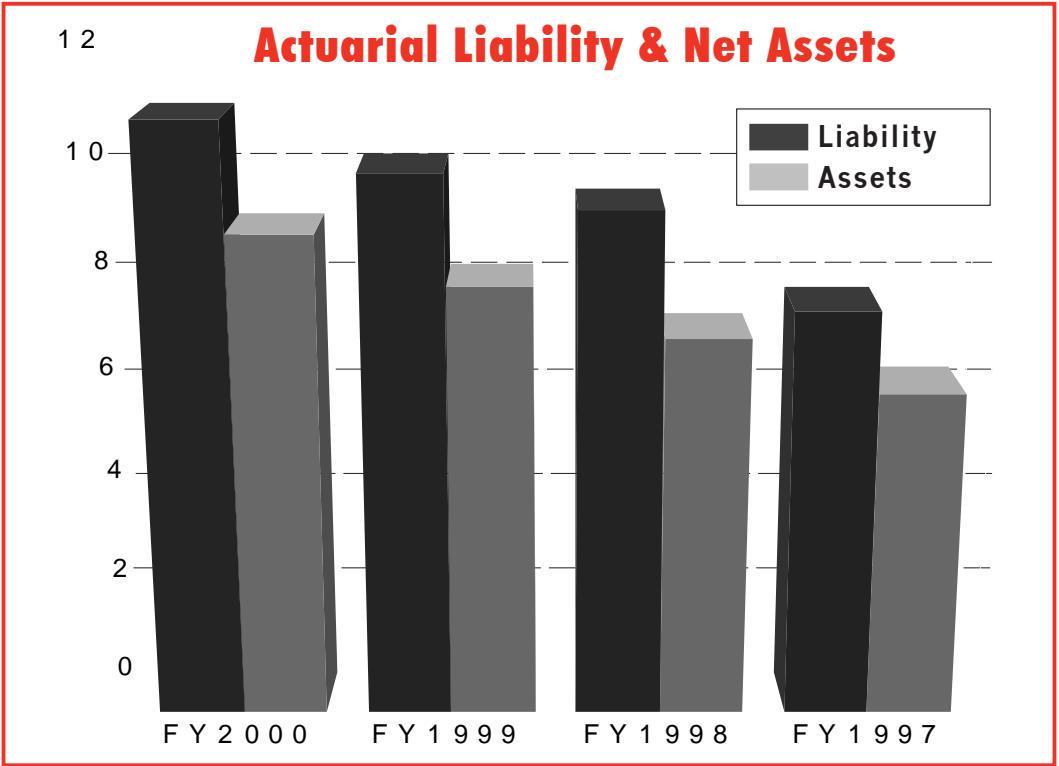
The increase in benefits is the

result of recent legislative changes: a flat formula retirement benefit for general employees, and enhancements to the alternative formula, giving state employees a better overall retirement package.

The Illinois State Board of Investment (ISBI), which does the investing for SERS as well as the Judges' Retirement System and General Assembly Retirement System, had another excellent year in the financial markets.

Although the financial markets seem to be on a roller coaster ride recently, the ISBI's diversified portfolio of stocks, bonds, real estate and other investments, should provide a hedge against any downturn in the economy.

SERS will continue to serve our membership in the most efficient and timely manner possible, while keeping in mind that beyond the numbers, our greatest asset is the value of each individual participant.

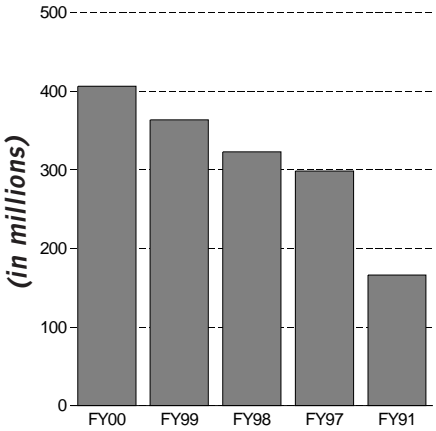


Statement of Plan Net Assets
June 30, 2000 and 1999

	2000	1999
ASSETS		
Cash	\$ 97,638,073	\$ 100,578,832
Receivables	27,920,145	25,972,613
Investments (at fair value)	8,786,654,484	7,861,470,281
Equipment (net of acc. depr.)	3,354,788	3,500,719
Total Assets	\$ 8,915,567,490	\$ 7,991,522,445
Total Liabilities	\$ (4,666,838)	\$ (5,089,476)
Total Assets to Pay Pension Benefits	\$ 8,910,900,652	\$ 7,986,432,969

Statement of Revenues & Expenses
June 30, 2000 and 1999

	2000	1999
REVENUES		
Contributions:		
Members	\$ 164,792,356	\$ 159,580,234
Employer	340,872,521	315,525,007
Total Contributions	\$ 505,664,877	\$ 475,105,241
Investment Income	\$ 931,263,299	\$ 908,121,794
TOTAL REVENUES	\$ 1,436,928,176	\$ 1,383,227,035
EXPENSES		
Benefits	\$ 489,915,421	\$ 440,842,421
Refunds (including transfers)	15,931,307	14,012,524
Administrative	6,613,765	6,433,951
TOTAL EXPENSES	\$ 512,460,493	\$ 461,288,896
Net Increase	\$ 924,467,683	\$ 921,938,139
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	7,986,432,969	7,064,494,830
End of Year	\$ 8,910,900,652	\$ 7,986,432,969



SERS paid out more than \$400 million in retirement payments in FY2000. This amount is in sharp contrast to the FY91 figure of \$166 million paid in retirement benefits.

ATTENTION

The SRS Chicago office is relocating in December. The new address is:

*State of Illinois Building
160 N. LaSalle
Suite N725
Chicago, IL 60601.*

The phone number is the same at 312-814-5853.

The new location is across the street from their present address. Check the signs in both buildings for exact move dates.

The *SERS-O-GRAM* is published by the **State Employees' Retirement System of Illinois**
P. O. Box 19255
2101 S. Veterans Parkway
Springfield, IL 62794-9255
217-785-7444
TDD: 217-785-7218

Chicago Office:
State of Illinois Building
160 N. LaSalle St., Suite N725
Chicago IL 60601
312-814-5853

The SRS Executive Secretary is **Michael L. Mory.**

SRS BOARD OF TRUSTEES

Chairman **Mark Gallagher**
Stephen Schnorf, Director,
Bureau of the Budget

Loren Iglarsh, representing
the State Comptroller

Sharmin Doering,
state employee
appointed by the Governor

Caryl Wadley-Foy,
elected state employee

Doris M. Clark,
elected annuitant

§ **Joseph T. Pisano**, retiree
appointed by the Governor

America's Economic & Social History

THEN

1913 Income taxes were first authorized, and anyone with a net income over \$3,000 paid a 1% tax. Only one in 271 Americans paid income tax that year.

1935 Social Security was implemented. The original tax was 2% on a maximum taxable income of \$300.

1935 The average life expectancy was 63.

1944 American's personal savings rate, as a percentage of disposable income, was 25.7%.

1950 For every person collecting Social Security benefits, there were 16 people paying into the system.

NOW

1999 The top marginal income tax rate is 39.6%.

1999 The tax rate for Social Security is 6.2% for both you and your employer, for a total of 12.4%. Taxes are based on wages up to \$72,600.

1999 The average life expectancy is 75.

1998 American's personal savings rate was 0.5%.

1997 There were 3.3 workers for every retiree collecting Social Security. By the year 2025, this ratio is expected to drop to two workers for every Social Security recipient.



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